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S-02-292-03-CO01

CONSENT ORDER

Case No. 02-04-166/ACO No. 10998

Respondents.

The Securities Division, Department of Financial Institutions, State of Washington, and Respondents Turnkey Vending, Inc. and Michael S. Burnett, do hereby agree to this Consent Order in settlement of the matters alleged herein. Respondents neither admit nor deny the Tentative Findings of Fact and Conclusions of Law as set forth below and as set forth in S-02-292-02-TO01 Summary Order to Cease and Desist, except as to the jurisdiction of the Securities Division to enter this Consent Order.

I.

## CONSENT ORDER

II.

Respondents, acting in concert or on behalf of each other, have placed or caused to be placed information or advertisements concerning their coin operated amusement machine opportunity in print advertisements and on their Internet website [www.turnkey.com](http://www.turnkey.com). The Internet website contains the following text:

Why do people love our machine?

There are several reasons. As an owner-operator, your primary goal is to maximize your cash flow. Our machines do this by offering an eye-catching game (no electricity required) that produces profits for you without the need of restocking a product. It has been reported to significantly out-perform other traditional vending machines. Why? No inventory to continually buy, multiple machines per location, a captive audience for 30-60 minutes, and an incredibly exciting optional prize package!

How does this game work?

The machine is attached to the table with two industrial-strength suction cups which are not visible. The player sticks their quarter in a slot in the front of the machine which has a plexi-glass dome. The quarter is then sitting on the flipper that they flip with their finger -- which shoots the coin up in the air. They're trying to make the shot by shooting the quarter through a hole on the back plate which depicts a basketball player with a ball in this hand. If they make it through the hole, they win whatever the establishment is giving away...Although it's a touch shot, it's a great source of entertainment!

Who finds the locations?

Many of our clients have no experience in the vending industry and therefore utilize the services of a Professional Locator. There are numerous location companies across the country; however, we have carefully selected 2 or 3 companies that we feel outperform the others. The choice is yours as to which company you prefer to work with. Some of these locators will guarantee your satisfaction in writing. You'll also have final approval of each location. Regardless of whether you use a professional locator or decide to locate your own machines, we provide tools to assist you including the help of a personal coach...

As a result of advertisements, at least twenty Washington residents purchased the coin operated amusement machine opportunity from Turnkey Vending, Inc. No disclosure document containing complete material information regarding Turnkey Vending, Inc., including but not limited to a financial statement of the seller, was provided to prospective or actual purchasers of the coin operated amusement machine opportunity.

1  
2 III.

3 Neither Turnkey Vending, Inc. nor Michael S. Burnett are currently registered with the  
4 Washington Securities Division to offer or sell business opportunities in the state of Washington and have  
5 not previously been so registered.

6 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

7 CONCLUSIONS OF LAW

8 I.

9 The offer and/or sale of the coin operated amusement machine opportunity as described in  
10 Tentative Finding of Fact I and II constitutes the offer and/or sale of a business opportunity as defined in  
11 RCW 19.110.020(1).

12 II.

13 The offer and/or sale of the coin operated amusement machine opportunity as described in  
14 Tentative Findings of Fact I through III was made in violation of RCW 19.110.050(1), the registration  
15 requirement provision of the Business Opportunity Fraud Act, because no business opportunity registration  
16 has been made nor a permit issued to Respondents prior to advertising, soliciting, or making any offer  
17 and/or sale of the business opportunity in this state.

18 III.

19 The offer and/or sale of the coin operated amusement machine opportunity as described in  
20 Tentative Findings of Fact I through II was made in violation of RCW 19.110.070, the disclosure document  
21 provision of the Business Opportunity Fraud Act, because no disclosure document containing complete  
22 material information regarding Turnkey Vending, Inc., including but not limited to a financial statement of  
23 the seller, was provided to prospective or actual purchasers of the coin operated amusement machine  
24 opportunity.

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2  
3 ORDER AND CONSENT

4 Based on the premises of the foregoing:

5 IT IS THEREFORE AGREED AND ORDERED That Respondents Turnkey Vending, Inc.,  
6 Michael S. Burnett, and their employees and agents, each shall cease and desist from offering and/or  
7 selling the coin operated amusement machine opportunity in violation of RCW 19.110.050(1), the  
8 registration requirement provision of the Business Opportunity Fraud Act.

9 IT IS FURTHER AGREED AND ORDERED That Respondents Turnkey Vending, Inc., Michael  
10 S. Burnett, and their employees and agents, each shall cease and desist from offering and/or selling the coin  
11 operated amusement machine opportunity in violation of RCW 19.110.070, the disclosure document  
12 provision of the Business Opportunity Fraud Act.

13 IT IS FURTHER AGREED AND ORDERED That Respondents Turnkey Vending, Inc. and  
14 Michael S. Burnett shall disclose the existence and contents of this Order in any business opportunity  
15 registration disclosure document approved for use in the state of Washington after registration has been  
16 effected, such requirement commencing from the date of entry of this Order.

17 IT IS FURTHER AGREED AND ORDERED That Respondents Turnkey Vending, Inc., and  
18 Michael S. Burnett shall inform all employees and agents who offer business opportunities in the state of  
19 Washington of the existence and contents of this Order for a period of three years from the date of entry  
20 of this Order.

21 IT IS FURTHER AGREED AND ORDERED That this Order shall remain in force and effect for  
22 a period of three years from the date of entry of this Order.

1 IT IS FURTHER AGREED That Respondent Turnkey Vending, Inc. shall reimburse the  
2 Securities Division \$700 for its costs of the investigation of this matter prior to the Division's entry of this  
3 Order.

4 IT IS FURTHER AGREED That Respondents Turnkey Vending, Inc. and Michael S. Burnett  
5 each waive their rights to a hearing in this matter.

6 IT IS THEREFORE AGREED That S-02-292-02-TO01, Summary Order to Cease and Desist, is  
7 hereby vacated subject to the terms and conditions of this Consent Order.

8 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

9  
10 Michael S. Burnett, as President of Turnkey Vending, Inc., and individually:

11 \_\_\_\_\_  
12 (Signature)

13 Signed this \_\_\_\_ day of \_\_\_\_\_, 2003.

14  
15 This Order entered by the Securities Division this 19th day of March 2003.

16  
17 

18 \_\_\_\_\_  
19 Deborah R. Bortner  
Securities Administrator

20 Presented by: \_\_\_\_\_  
21 Brad Ferber  
Financial Legal Examiner

\_\_\_\_\_  
Michael E. Stevenson  
Chief of Enforcement

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